

Estimating the Economic Boost of Marriage Equality in Rhode Island



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Executive Summary

Currently, same-sex couples are not allowed to marry in Rhode Island. However, should the state choose to allow those couples to marry in the future, the state would see an economic boost as same-sex couples plan their weddings and as their out-of-state guests purchase goods and services in the state. This study estimates the impact on the state's economy and on some state tax revenue, updating part of our February 2011 study.

- We predict that approximately **808 in-state same-sex couples would choose to marry in the three years** following an opening of marriage to same-sex couples in Rhode Island.
- The total spending on wedding arrangements and tourism by resident same-sex couples and their guests would add an estimated **\$7 million to the state and local economy** of Rhode Island over the course of three years, with a **\$4.5 million boost in the first year alone**.
- This economic boost would likely **add \$530,000 in tax revenue** to state coffers, with an estimated **\$340,000 occurring in the first year**.
- The conservative, low-end estimates included in this report account for Rhode Island couples who have entered civil unions in the state since July 2011. For our low-end estimates, approximately 708 in-state same-sex couples would choose to marry in the first three years, adding an estimated \$6 million to the state and local economy of Rhode Island.
- This report does not include spending estimates for out-of-state same-sex couples that might travel to Rhode Island in order to marry, spending additional funds on wedding planning and tourism during their brief stay.

Introduction

If the State of Rhode Island grants same-sex couples the right to marry, we predict that the State will see a surge in spending related to weddings by same-sex couples who currently

reside in Rhode Island, as well as an increase in tourism spending by wedding guests from other states. This increase in spending would benefit Rhode Island's wedding and tourism-related

businesses and would generate additional tax revenue for state coffers.

In this report, we estimate the size of the impact on Rhode Island's businesses and on state sales tax revenue for the first three years that same-sex couples are allowed to marry. The figures in this report are based on the best available data from several sources. We draw upon data indicating average wedding expenditures in Rhode Island, state tourism reports, U.S. Census 2010 data on same-sex couples, along with data regarding marriage expenses by same-sex couples in other states.

Based on the analysis set forth in detail below, we predict that in the first three years that same-sex couples are permitted to marry in Rhode Island, the state's wedding and tourism-related businesses would see spending rise by \$7 million. As a result, the state tax revenues would rise by \$530,000.

In-State Couples

In order to assess the economic impact of opening marriage to same-sex couples in Rhode Island, we must first calculate the number of same-sex couples who will marry. According to U.S. Census 2010, Rhode Island has 2,785 resident same-sex couples.¹ We draw upon the experience of other states that have permitted marriage between individuals of the same-sex to estimate the number of same-sex couples

who might elect to enter a marriage in Rhode Island. In Massachusetts, a little more than 50% of same-sex couples married during that initial three-year period.² This prediction conforms to detailed data regarding rates at which same-sex couples have married in several other jurisdictions that have recently allowed them to do so.³

Accordingly, we predict that half of the same-sex couples in Rhode Island would marry in the first three years. However, we must also account for the Rhode Island couples that may have married in other states. Rhode Island is situated adjacent to Connecticut and Massachusetts, and near other New England states that currently allow marriage for same-sex couples. We use data from a Williams Institute study of same-sex couples to help us estimate how many Rhode Island couples married elsewhere.⁴ Before New York and Maryland opened marriage to same-sex couples, data indicate that 21% of the same-sex couples in those two states had already entered into marriages in other jurisdictions.⁵ We assume that a similar proportion of Rhode Island same-sex couples, or 585 couples, are already married. Therefore, we estimate that a total of 808 marriage licenses will be issued to same-sex couples in the first three years following the opening of marriage in the State of Rhode Island.

Note that not all of these couples will marry within the first year that they are permitted to do so. We use data from Massachusetts to predict the timing and adjust our results throughout this report. Out of the total marriages of same-sex couples that took place in Massachusetts in the three-year period following 2004, 64% of marriages occurred in the first year, 21% in the second year, and 15% in the third year.⁶ Therefore, we predict that in Rhode Island, 64% of 808 same-sex couples would marry in the first year (Year 1), or 517 couples. An additional 21% would marry in the second (Year 2), bringing the total to 85% of 808, or 687 couples. And finally, all 808 couples would be married by the end of the third year (Year 3).

Existing Civil Unions

Another source of uncertainty about the number of couples who would marry comes from the availability of civil unions. In this report, we take into account the fact that couples in existing civil unions might have different spending patterns from couples that do not have that status. As we describe below, this adjustment procedure relies on the most recent civil union data available, and from various sources.

Unlike other states such as Illinois, the State of Rhode Island only offers civil union licenses to same-sex couples. It is reported that less than

100 same-sex couples entered a civil union in Rhode Island between July 1, 2011 and February 1, 2013.⁷ Unlike other states in which same-sex couples rushed to enter civil unions after legislation allowed for such licenses, Rhode Island reported only 14 civil union licenses in the two months following the bills passing.⁸ At the six-month mark, 46 same-sex couples had entered a civil union and, after one year, the total increased to 68 same-sex couples.⁹

The wedding and tourism spending estimates provided in our report account for the less than 100 existing same-sex couples in civil unions by calculating a range of spending figures which include low-end and high-end estimates.

For our low-end estimate of spending, we conservatively assume that each couple currently in a civil union would marry or convert their union into a marriage without significant spending on a wedding ceremony and celebration. We subtract these couples from each of our three-year marriage estimates, applying the same percentages from the previous section. Thus, the total number of marriages by same-sex couples will drop to 708, with 453 performed in the first year (Year 1), 149 in the second year (Year 2) and 106 in the third year (Year 3).

For our high-end estimate, we assume that all couples currently in a civil union would marry

with a ceremony and celebration, spending the same amount as other couples. Thus, this estimate will include all 808 same-sex couples in the calculations for total wedding spending and guest tourism figures.

Wedding Spending

According to *The Wedding Report*, the average spending on weddings in Rhode Island in 2012 was \$27,388.¹⁰ Due to societal discrimination, same-sex couples may receive less financial support from their parents and other family members to cover wedding costs, resulting in overall reduced spending. Also, only spending that comes from couples' savings would truly be "new spending" for the State's businesses, rather than money diverted from some other expenditure. To take these factors into account, as in previous studies by the Williams Institute, we estimate here that same-sex couples spend one-quarter of the amount that different-sex couples spend on wedding arrangements.¹¹ Accordingly, we assume that same-sex couples will spend just over \$6,847 per wedding. Using this figure, the calculated total for the estimated 808 couples sums to \$5.5 million in additional wedding spending for the first three years. For our low-end estimate of 708 couples, the total wedding spending sums to \$4.8 million for the first three years.

Out-of-Town Guests

In 2008, a report based on the Health and Marriage Equality in Massachusetts Survey indicated that Massachusetts same-sex weddings included an average of 16 out-of-town guests.¹² A Rhode Island economic monitoring report lists average per diem expenditures for visitors to the state as \$64 per guest.¹³ Data on hotel occupancy rates in Rhode Island indicate that the average rate in 2012 was \$102 per room.¹⁴ We assume that guests come in pairs, adding \$51 to the daily expenditure figure of \$64 per guest in order to include all guest expenses for a total of \$115.

We assume that same-sex couples who are residents of Rhode Island will have a similar count of 16 out-of-town guests at their ceremonies as indicated in the Massachusetts survey and that each of these guests will spend the \$115 average amount spent by Rhode Island tourists for a one day visit. The total estimate for out-of-town guests for weddings of resident same-sex couples is calculated to be 12,922 people, leading to additional tourism expenditures of \$1.5 million. For our low-end estimate, we calculate a total of 11,322 out-of-town guests, thus lowering the additional tourism expenditures to \$1.3 million.

Revenue: Sales Tax

The State government will directly benefit from this increase in spending through the state sales tax and the hotel tax. As indicated in Table 1,

we estimate that a decision by Rhode Island to allow same-sex couples to marry would result in approximately \$7 million in additional spending on weddings and tourism in the state.

According to state statutes, the State of Rhode Island imposes a tax of 7% on the sale of most non-lodging services.¹⁵ Rhode Island also imposes a 6% additional tax for the renting of hotels and rooming houses. We use these tax rates when calculating our figures.

By applying the various tax percentages to the categories in Table 1, we estimate that the overall spending boost will generate \$530,000 in tax revenue for the state in the first three years same-sex couples may marry. The results of our calculations are displayed in Table 2. We estimate a further breakdown distinguishing state sales tax and hotel tax revenue in Table 3.

Our low-end tax revenue estimate, which accounts for those couples already married in other states and those couples who entered a civil union in Rhode Island since July 2011, is \$465,000.

Out-of-State Couples

The total spending estimates in our report are conservative in that we do not include out-of-state same-sex couples that may decide to travel to Rhode Island to marry.

A recent Williams Institute study indicates that same-sex couples will travel from out of state to marry if they cannot marry in their home state, as seen in the experiences of several states.¹⁶ For example, of the total number of marriages by same-sex couples during the first year following the Iowa Supreme Court decision in *Varnum v. Brien*, 866 couples who married were Iowa residents and 1,233 couples were non-residents.¹⁷ Media reports suggest that these out-of-state couples have generated notable tourism and wedding related spending in other states.¹⁸

Rhode Island is situated on the east coast near several states where same-sex couples are able to marry. However, if Rhode Island opens marriage to same-sex couples and issues licenses to both in-state and out-of-state same-sex couples, the state may become one of several destinations for out-of-state same-sex couples from further west looking for the opportunity to marry within the United States.

Out-of-state couples would generate additional spending on wedding-related goods and services and, most likely, on tourist-related goods and services.

Further Impacts

The economic impact of travel and tourism by same-sex couples seeking to marry in Rhode Island is more far reaching than just the effects

on state and local sales tax receipts. For example, tourism expenditures are often directly related to employment opportunities in the travel industry. According to data provided by the Rhode Island Tourism Division on the economic impact of tourism in Rhode Island in 2011, travel spending directly supported 41,900 full-time and part-time jobs with earnings of \$2.37 billion.¹⁹ Thus, we calculate roughly that for every \$56,563 spent by travelers in Rhode Island, one job will be generated. If we use our guest tourism expenditure estimates, we conclude that extending the right to marry to same-sex couples can generate approximately 26 jobs in the travel industry in Rhode Island within the first three years.²⁰

Conclusion

In this study, we have drawn on information regarding marriage spending by same-sex couples in other states, along with Rhode Island wedding expenditure and tourism data, to estimate the economic boost if Rhode Island extends the right to marry to same-sex couples. Our calculations indicate that the total spending

on wedding arrangements and tourism by same-sex couples and their guests would be about \$4.5 million in the first year alone and \$7 million over three years. A lower-end scenario suggests a slightly smaller spending total of \$6 million in new spending. We estimate that either economic boost over three years would generate about \$500,000 in tax revenue for the state.

Although we did not include the impact in our estimate, it is important to note that also allowing out-of-state same-sex couples the opportunity to wed will likely result in further economic gains for Rhode Island businesses. This impact would then translate into additional increased tax revenue for the state and local budgets.

We note that sales taxes only capture the most direct tax effects of increased tourism and wedding expenditures. Businesses and individuals also pay taxes on the new earnings generated by wedding spending, providing a further boost to the state budget.

Table 1. Rhode Island Wedding Spending and Tourism Figures by Resident Same-Sex Couples and Guests
HIGH-END ESTIMATE

SPENDING	Year 1	Year 2	Year 3	Total
# of Marriages by Same-Sex Couples	517	170	121	808
Wedding Spending	\$3,539,187	\$1,161,296	\$829,497	\$5,529,980
Out-of-Town Wedding Guests	8,272	2,720	1,936	12,922
Out-of-Town Guest Spending	\$951,089	\$312,076	\$222,911	\$1,486,076
TOTAL SPENDING	\$4,490,276	\$1,473,372	\$1,052,408	\$7,016,056

LOW-END ESTIMATE

SPENDING	Year 1	Year 2	Year 3	Total
# of Marriages by Same-Sex Couples	453	149	106	708
Wedding Spending	\$3,100,979	\$1,017,509	\$726,792	\$4,845,280
Out-of-Town Wedding Guests	7,248	2,384	1,696	11,322
Out-of-Town Guest Spending	\$833,329	\$273,436	\$195,311	\$1,302,076
TOTAL SPENDING	\$3,934,308	\$1,290,945	\$922,103	\$6,147,356

Table 2. Tax Revenue from Wedding Spending and Tourism by Resident Same-Sex Couples and their Guests
Tax Revenue Estimates Based on HIGH END ESTIMATE

TAX REVENUE	Year 1	Year 2	Year 3	Total
Wedding Spending	\$3,539,187	\$1,161,296	\$829,497	\$5,529,980
Tax Revenue from Wedding Spending	\$247,743	\$81,291	\$58,065	\$387,099
Out-of-Town Guest Spending	\$951,089	\$312,076	\$222,911	\$1,486,076
Out-of-Town Guest Tax Revenue	\$91,883	\$30,149	\$21,535	\$143,568
TOTAL TAX REVENUE	\$339,627	\$111,440	\$79,600	\$530,666

Tax Revenue Estimates Based on LOW END ESTIMATE

TAX REVENUE	Year 1	Year 2	Year 3	Total
Wedding Spending	\$3,100,979	\$1,017,509	\$726,792	\$4,845,280
Tax Revenue from Wedding Spending	\$217,069	\$71,226	\$50,875	\$339,170
Out-of-Town Guest Spending	\$833,329	\$273,436	\$195,311	\$1,302,076
Out-of-Town Guest Tax Revenue	\$80,507	\$26,416	\$18,869	\$125,792
TOTAL TAX REVENUE	\$297,576	\$97,642	\$69,744	\$464,961

Table 3. Tax Revenue by Type of Tax

TAX REVENUE	State Sales Tax (7%)	Hotel Tax (6%)	Total
Total- HIGH END	\$491,124	\$39,543	\$530,666
Total- LOW END	\$430,315	\$34,647	\$464,961

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Endnotes

¹ Gates, Gary J. & Cooke, Abigail M., *Rhode Island Census Snapshot: 2010* (The Williams Institute, 2011). Available at http://williamsinstitute.law.ucla.edu/wp-content/uploads/Census2010Snapshot_Rhode-Island_v2.pdf

² Data reveals that 9,931 same-sex couples married in Massachusetts within three years of the state allowing same-sex couples to marry. Next, we estimate the total number of same-sex couples in Massachusetts. Data from the pre-2008 ACS overcounts the total number of same-sex couples. See also Gates, Gary J. *Same-Sex Spouses and Unmarried Partners In The American Community Survey, 2008* (The Williams Institute, 2008), available at <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Gates-ACS2008FullReport-Sept-2009.pdf>. Accordingly, we use 2008 ACS data to estimate the total number of same-sex couples in Massachusetts in 2004, or 19,550 couples. This suggests that approximately 51% of couples married over three years.

³ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011). Available at <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Badgett-Herman-Marriage-Dissolution-Nov-2011.pdf>

⁴ Gary J. Gates, The Williams Institute, Same-sex couples in US Census Bureau Data: Who Gets Counted and Why (2010). Available at <http://williamsinstitute.law.ucla.edu/research/census-lgbt-demographics-studies/same-sex-couples-in-us-census-bureau-data-who-gets-counted-and-why/>

⁵ Data on file with the Williams Institute from GATES, refer to note 4. The research brief cited in note 4 highlights key findings of a national survey of co-habiting same-sex couples regarding how they completed their Census 2010 forms and why they chose the options they did to identify their relationship. The survey collected data on state of residence for each individual in the couple. Although the breakdown by state was not included in the brief, the data are on file with the Williams Institute.

⁶ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

⁷ Linskey, A. (2013, February 5). Gay-Marriage Holdout Hobbles R.I. Economy, Chafee Says. *Bloomberg*. Retrieved from <http://www.bloomberg.com/news/2013-02-06/gay-marriage-to-help-economy-says-ri-governor.html>

⁸ American Civil Liberties Union. (September 2011). *Two Months of Civil Unions in Rhode Island: Already Time for Divorce?*

⁹ American Civil Liberties Union. (2012, May 2) RI ACLU Says Latest Statistics Show State's Civil Union Law Remains a "Complete Failure." Retrieved from <http://riaclu.org/news/post/ri-aclu-says-latest-statistics-show-states-civil-union-law-remains-a-comple/> (see also, <http://riaclu.org/news/post/gay-and-lesbian-couples-say-i-dont-to-states-civil-union-law/>)

¹⁰ The Wedding Report. (2012). *Wedding Industry Report-Rhode Island*. Retrieved from <http://www.theweddingreport.com/>

¹¹ Badgett, M.V. Lee & Gates, Gary J. *The Effect of Marriage Equality and Domestic Partnership on Business and the Economy*. (The Williams Institute, 2006). Available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/the-effect-of-marriage-equality-and-domestic-partnership-on-business-and-the-economy/>

¹² Goldberg, Naomi G., Steinberger, Michael D. & Badgett, M.V. Lee. *The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey* (The Williams Institute, 2009). Available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/the-business-boost-from-marriage-equality-evidence-from-the-health-and-marriage-equality-in-massachusetts-survey/>

¹³ RI Department of Environmental Management. Rhode Island Economic Monitoring Collaborative: Economic Monitoring Report 2008. Retrieved from <http://www.coordinationteam.ri.gov/>

¹⁴ Keister, R. (2012, April 16). Hotel occupancy in Rhode Island is on the rebound. *Providence Business News*. (referencing Smith Travel Research) Retrieved from <http://www.pbn.com/Hotel-occupancy-in-Rhode-Island-is-on-the-rebound,66845?print=1>

¹⁵ Rhode Island Code Annotated § 44-18-18(2012) Retrieved from <http://webserver.rilin.state.ri.us/Statutes/title44/44-18/44-18-18.HTM>

¹⁶ Badgett, M.V. Lee & Herman, Jody L. *Patterns of Relationship Recognition by Same-Sex Couples in the United States* (The Williams Institute, 2011).

¹⁷ Kastanis, Angeliki, Badgett, M.V. Lee & Herman, Jody L., *Estimating the Economic Boost of Marriage Equality in Iowa: Sales Tax* (The Williams Institute, 2011). Available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/estimating-the-economic-boost-of-marriage-equality-in-iowa-sales-tax/>

¹⁸ Bly, Laura. (2004, February 26). Localities Cashing in on Same-Sex Marriages. *USA Today*. Retrieved September 6, 2011, from http://www.usatoday.com/travel/news/2004-02-26-same-sex-marriage_x.htm (See also <http://www.businessweek.com/magazine/a-gay-wedding-windfall-for-new-york-10202011.html>). Goldberg, Naomi G., Steinberger, Michael D. & Badgett, M.V. Lee. *The Business Boost from Marriage Equality: Evidence from the Health and Marriage Equality in Massachusetts Survey* (The Williams Institute, 2009), available at <http://williamsinstitute.law.ucla.edu/research/economic-impact-reports/the-business-boost-from-marriage-equality-evidence-from-the-health-and-marriage-equality-in-massachusetts-survey/>.

¹⁹ Rhode Island Tourism Division. Rhode Island and US Tourism 2011 (IHS Global Insight). Retrieved from <http://www.tourismworksforri.com/Tourism-Facts/>

²⁰ These employment figures were generated by using the tourism expenditures of the out-of town guests only.